

W. Asper Business Reference Library
University of Alberta
1-18 Business Building
Edmonton, Alberta T6G 2R6

Wittke



2001

Quality products and service
that *exceed expectations*

CORPORATE PROFILE



Northside Group Inc. is a market-focused manufacturer of dynamic truck-mounted

equipment and parts. The Company's primary products include front load, side load and automated side load refuse truck bodies as well as street sweepers, all of which carry the brand name of "Wittke". The final assembly and finishing facility for Wittke's products is located in Medicine Hat, Alberta. Three additional parts manufacturing facilities are in Kelowna, British Columbia; Saint Jérôme, Québec; and Wytheville, Virginia. Northside Group Inc. is headquartered in Calgary, Alberta and employs approximately 970 people.

The Company's shares are listed on The Toronto Stock Exchange under the symbol NTG and the Company's web site is www.northsidegroup.com. The Company intends to change its name to Wittke Inc. This name change is subject to approval by two-thirds of the shareholders voting at the Annual General and Special Meeting to be held on January 23, 2002. Simultaneous with the Company's name change to Wittke Inc., its trading symbol on The Toronto Stock Exchange will change to **WKE** and its web site will be www.wittke.com.

Annual General Meeting

The Company's Annual General and Special Meeting of Shareholders will be held on Wednesday, January 23, 2002 at 2:00 p.m. MST at the Westin Calgary Hotel (Lakeview and Mount Royal Rooms), 320 - 4th Avenue S.W., Calgary, Alberta.

▲ ABOVE IS A FULLY EQUIPPED COMPRESSED NATURAL GAS POWERED UNIT, USED BY WASTE MANAGEMENT IN THE SOUTHERN CALIFORNIA MARKET.

Table of Contents

Report to Shareholders	2
Review of Operations	4
Management's Discussion and Analysis	10
Management's Responsibility for Financial Reporting and Auditors' Report	13
Consolidated Balance Sheets	14
Consolidated Statements of Earnings and Retained Earnings	15
Consolidated Statements of Cash Flow	16
Notes to Consolidated Financial Statements	17
Seven Year Financial Summary	24
Corporate Information	Inside Back Cover

2001 FINANCIAL HIGHLIGHTS

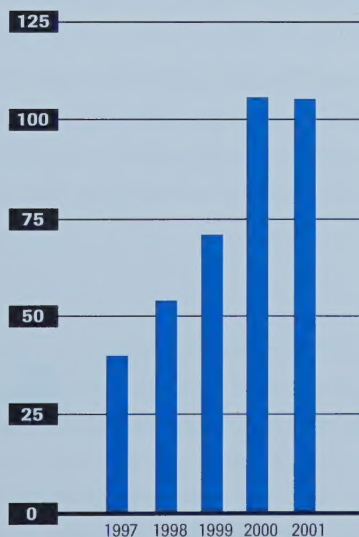
Years ended September 30
(in thousands of dollars, except share amounts)

	2001	2000
Revenue	105,031	105,836
Net earnings	2,101	3,047
Net earnings per share – basic	\$ 0.28	\$ 0.41
Net earnings per share – diluted	\$ 0.27	\$ 0.40
Operating cash flow ⁽¹⁾	5,470	6,729
Common shares outstanding	7,512,079	7,501,704
Working capital	4,929	4,308
Capital investments	3,702	3,645
Long-term debt	6,307	7,384
Shareholders' equity	19,813	17,860

⁽¹⁾ Operating cash flow is before changes in non-cash working capital.

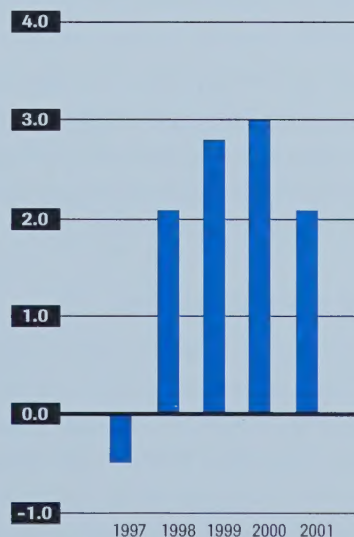
Revenue

Years ended September 30 (\$ millions)



Net Earnings (loss)

Years ended September 30 (\$ millions)



Fiscal 2001 marked a period of transition and ultimate success for the Company. The year began with a highly challenging market for the class 8 truck parts business, resulting in the Company reporting a loss in the first quarter, the first since new management assumed leadership in 1996. After mediocre profitability in the second and third quarters, performance gained momentum to result in record fourth quarter earnings of \$0.21 per share. This improvement was led by strong growth in revenues and earnings generated from the sale of Wittke's finished products and improving profitability at some of the Company's parts plants.

- ▶ WITTKE'S MECHANICAL STREET SWEEPER, THE "ROAD WIZARD", WAS ENHANCED OVER THE PAST TWO YEARS TO OFFER SUPERIOR PERFORMANCE.



FOCUS ON WITTKE

The strategy of the Company continues to focus on the rapid growth of Wittke, our dynamic truck-mounted equipment business, driven by high growth in its refuse line of equipment. Accordingly, the Company intends to change its name to Wittke Inc., to reflect the strategy of the Company and more closely align the corporate name with our highly regarded brand of products. This name change is subject to approval by two-thirds of the shareholders voting at this year's Annual General and Special Meeting to be held on January 23, 2002.

Results from Wittke continue to dominate revenue growth and earnings for the Company. Sales of dynamic truck bodies for the waste hauling sector increased to 677 units in fiscal 2001 from 455 units in fiscal 2000. Wittke sold 266 units in the fourth quarter compared to 100 units the prior year and 159 in the second quarter of fiscal 2001. These results illustrate the momentum behind Wittke's growth in the latter part of the year which is expected to continue into 2002.

GAINS IN MARKET SHARE

The increase in demand for Wittke's products was led by demand from Waste Management Inc. ("WMI") of Houston, Texas, as well as numerous other customers. In early 2001, Northside, through Wittke, entered into a memorandum of understanding with WMI. This memorandum will see Wittke supplying, on a semi exclusive basis, all of its front load, manual side load and automated side load refuse truck body requirements for a three-year period commencing in March 2001. The implementation of this deal was initiated during the Company's third quarter and became fully operational in the fourth quarter.

We take great pride in Wittke for having secured such a significant share of business from WMI, North America's largest waste hauler. This business was achieved in the face of strong competition from all of the large players in the market. Securing this business provides evidence of Wittke's continuing success in delivering quality products and service to its customers.

- **MISSION STATEMENT** Wittke is a growing, market-focused manufacturer of dynamic truck-mounted equipment and parts. Wittke provides quality products and service that exceed customer expectations. Wittke is responsive, knowledgeable and innovative with obligations to shareholders, employees and community.

INCREASING CAPACITY

Softness in the heavy truck market continued throughout the year, requiring some downsizing of the Company's parts operations. At the Kelowna facility, a significant supplier to Western Star Trucks, operations were severely impacted by the reduced build rates of that customer. The plant capacity and the highly skilled work force were transitioned from producing parts for Western Star Trucks to supplying quality parts and sub-assemblies, on a "Just-In-Time" basis, to Wittke. This allowed Wittke to focus its existing plant capacity on the final assembly and finishing of its truck bodies, thereby quickly increasing production rates without any erosion in quality or the timing of deliveries.

OUTLOOK FOR 2002

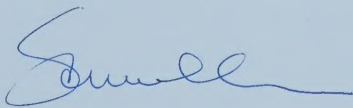
Looking forward, we expect the tough market for heavy trucks to continue. While low interest rates may make it more affordable for customers to acquire new trucks, the uncertainty related to the softening North American economy is expected to negate any positive incentives to acquire new capital equipment.

Demand for Wittke's products is expected to increase due to demand from WMI, required replacement of aging waste equipment throughout North America and gaining market share with new and efficient products. Wittke begins 2002 with its strongest backlog of orders ever experienced.

APPRECIATION TO EMPLOYEES

The transition to reasonable levels of profitability from an otherwise challenging market was only possible with the efforts, dedication and loyalty from our employees. We started the year with 800 employees and closed the year with over 970. All employees with over two years of service to the Company are shareholders through a profit sharing plan.

We would like to take this opportunity to thank all of our employees, management and board members for their hard work and dedication to our Company. We look forward to the continuing growth and success of our Company under our new corporate banner and the well-known brand name – Wittke Inc.



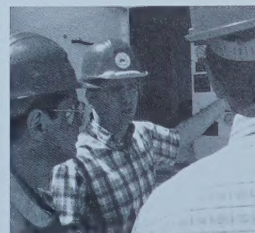
Stephen W.C. Mulherin
Chairman

December 14, 2001



Patrick F. Ross
President and Chief Executive Officer

▼ **TOP** ANDY BOCKMAN, PURCHASER AND FRANK KENNEDY, V.P. SALES & MARKETING. **BOTTOM** PATRICK ROSS, PRESIDENT & CEO, DEMONSTRATES PRODUCT CAPABILITY OF A STREET SWEEPER TO PROSPECTIVE CUSTOMERS.



Wittke is the Company's primary manufacturing facility where the Company designs and builds refuse bodies and mechanical street sweepers. Wittke's products are sold directly to end users situated throughout North America. Wittke employs over 550 craftsmen, professionals and support staff at its 15-acre production facility, situated in Medicine Hat, Alberta, 100 miles north of the Montana, U.S. border. Wittke began 2001 with an annualized production rate of approximately 15 units per week and concluded the year with a production rate of approximately 25 units per week. To accomplish this, Wittke made several significant changes to its operations.



PRIORITIES FOR 2001 – Wittke

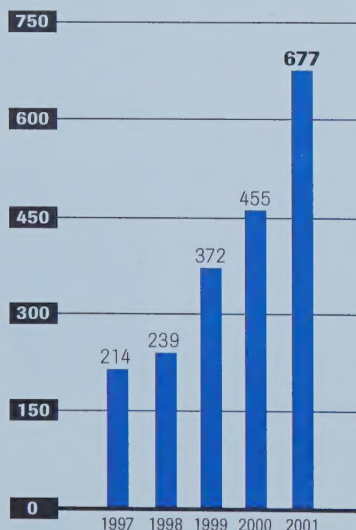
Priorities for the year centered on: production process review, initiation of plant expansion, a work force increase, product development, and after-market parts.

1 Review of production processes Production processes were reviewed with the assistance of independent and government sponsored advisors. Several "Lean Manufacturing" principles were implemented, resulting in increased productivity. Wittke also significantly reduced the amount of primary manufacturing in Medicine Hat by outsourcing work to other suppliers, including our Kelowna facility. The resulting efficiencies more than doubled Wittke's output from 100 units produced in the fourth quarter of 2000, to 260 units in the fourth quarter of 2001. This increased production occurred with less than optimal operations due to the rapid ramp up in production. Optimizing productivity will continue throughout 2002 and beyond.

2 Plant expansion Along with the process improvements, Wittke embarked mid-year on plant expansions that will, at a minimum, double capacity. The first stage will result in more than 75,000 additional square feet of manufacturing space by January 2002. A third assembly line, also to be operational in January 2002, will increase capacity by approximately 500 units per year. A fourth assembly line has been "roughed in" and will be added when demand dictates. This expansion will greatly contribute towards continued production efficiency improvements going forward.

Wittke Unit Sales

(Number of completed truck bodies)



3 Work force increase The increase in customer demand through 2001 necessitated an equally significant increase in personnel requirements. Approximately 250 new jobs were created, in addition to the approximately 150 jobs that were preserved in Kelowna as a result of the transfer of sub-assembly work. This rapid ramp-up was facilitated by enhancing our human resource management and establishing more formalized hiring and training practices. We are pleased to report that we were able to continue our four year crusade to eliminate work place injuries. Our aggressive "Safety First" campaign is supported by full time safety personnel and trainers, along with a full time nurse and doctor, who hold weekly walk-in clinics. An added benefit to these initiatives has been reduced WCB expenses, and an enthusiastic endorsement of work place practices by both the WCB and Occupational Health and Health officials.

4 Product development New product development did not take a back seat to capacity expansion during 2001. Wittke successfully introduced its innovative Automated Side Loader to an appreciative clientele. This unit boasts smooth computerized controls, along with a very low RPM/high output hydraulic system. Maintenance costs will be substantially lower than market expectations. Over 100 of these units were shipped in the year.

5 New focus on after-market parts Increased market share has created a growing demand for after market parts. Increasingly, Wittke has supported its products in the field from either its Medicine Hat or Phoenix facility. In late 2001, Wittke was named as a tier one parts supplier to Waste Management and is in the process of ramping up its parts business. The majority of revenues from this business will continue to be from the sale of parts for competitors' products. To support this new business, Wittke has opened a parts distribution facility at Northside's Wytheville, Virginia plant that will help service the eastern U.S. market. Most of this business will be handled through a web-based ordering system. The market-focused approach of this business unit is to offer "life parts" rather than "wear parts", within 24 hours of order, anywhere in North America.

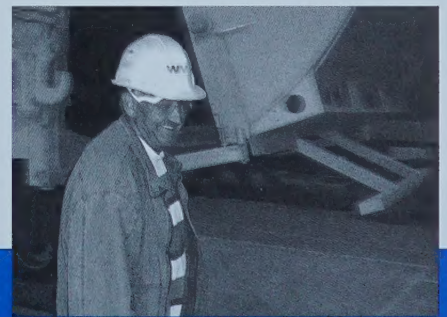
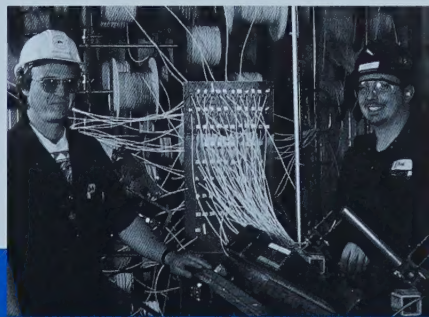
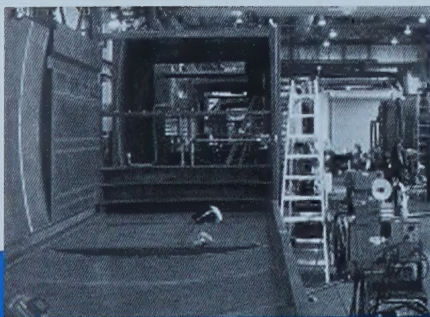
PRIORITIES FOR 2002 – Wittke

In 2002, management training and development will be one area of focus. An emphasis on state of the art manufacturing principles, along with capital and personnel management training will be undertaken.

Wittke continues to grow its professional sales and marketing group throughout North America. Several demo drivers have been added, along with a strong field service team, led by one of the industry's top maintenance managers. The large and ever growing market for the Automated Side Loader product will be aggressively pursued in 2002.

Wittke did not aggressively pursue the sweeper market in 2001, and consequently sweeper production fell below the prior year. Physical plant constraints caused by demand for waste equipment limited the production of this product. However, for 2002, with a solid backlog in place and new plant capacity on stream, sweeper sales and production are a priority. Wittke has increased the dedicated sweeper sales force, and set a bold target to more than triple output this coming year.

Wittke has exceptional prospects for 2002, and the long-term. In general, ongoing product development, increased market share, and continued profitability are some of the positive expectations. Customers continue to embrace the Wittke brand name, and its associated value proposition. The Company's proposed name change to Wittke Inc. is an appropriate reflection of the importance of the brand to the overall results.



▲ LEFT THE SIDE WALLS OF A FRONT LOAD UNIT ARE INSTALLED ON THE DECK OF THE UNIT, ON ONE OF THREE ASSEMBLY LINES AT WITTKKE. CENTRE RICK STECKMEISTER AND NEIL BUISSETER PREPARE A WIRING HARNESS, USED TO CONTROL MOST OF THE ELECTRICAL FUNCTIONS ON THE TRUCK. RIGHT BOB REDEKOP, PAINT LINE FOREMAN, JOINED WITTKKE ON MARCH 3, 1967.

Kelowna

At the Northside facility in Kelowna, British Columbia, the Company manufactures and assembles a variety of parts and sub-assemblies for Wittke, Western Star Trucks and other class 8 truck manufacturers.

The plant employs 180 people and is housed in a 70,000 square foot facility. At the end of fiscal 2001, Freightliner, the current owner of the Western Star facility in Kelowna, announced the planned closure of that plant during calendar 2002. The production of the Western Star product will continue in a Portland, Oregon facility owned by Freightliner. Freightliner has assured its current supply base that there is no intention in the short term of altering existing supply arrangements. Efforts are underway, led by Freightliner, to arrange for the pooling of shipments from Kelowna to Portland.

PRIORITIES FOR 2001 – Kelowna

The three priorities for 2001 were: to find additional business to balance the dominant position of Western Star in the customer base of the Company, to contain costs, and to successfully negotiate the labour contract in Kelowna. These priorities, in detail, were:

1 Find an Alternate Market The signing of a memorandum of understanding between Waste Management Inc. and Wittke, with the subsequent substantial increase in demand for Wittke's finished products, provided an excellent opportunity for the Kelowna facility to become its primary supplier of parts and sub-assemblies. The Kelowna personnel responded to the challenge to such an extent that by fiscal year-end, in excess of 50 percent of the capacity of the facility was committed to fulfilling Wittke's requirements. This continuing volume, combined with Western Star volumes, should assure a good balance of sales in the future.

2 Contain Costs Substantial progress was made in restructuring the Kelowna organization in fiscal 2001. While improvement is required in the management of working capital, operating costs are much more appropriate for the current production size of the plant.

3 Negotiate the Labour Contract The labour contract was successfully renegotiated for a three-year period ending February 2004.



▲ LEFT WITTKE'S "SPRINTER" WAS THE COMPANY'S FIRST AUTOMATED SIDE LOAD PRODUCT, AND HAS BEEN IN PRODUCTION FOR OVER 10 YEARS. CENTRE YVONNE GILLESPIE WORKING IN THE WIRING HARNESS DEPARTMENT. RIGHT THE "Curotto-Can", MANUFACTURED BY WITTKE UNDER LICENSE, ALLOWS A COMMERCIAL FRONT LOAD TRUCK TO BE CONVERTED TO AN AUTOMATED RESIDENTIAL SIDE LOAD UNIT.

PRIORITIES FOR 2002 – Kelowna

The development stage of transferring the manufacture of Wittke parts and sub-assemblies to the Kelowna facility, which started in February 2001, should be complete by December 2001. The forward priority will be to reduce the cost of these parts by concentrating on manufacturing efficiencies.

The Freightliner move to Portland will create challenges. Management is concentrating on the types of products that fit the competencies of the Kelowna plant in order to assure that the product delivered to Portland is competitive. Managing this transition will be a significant priority for 2002.

Cost containment and working capital efficiency will also remain important concerns for the year ahead. Management will address an integrated program to reduce the break-even point for the business. In addition, as volume with Wittke stabilizes, a priority will be to address the effective management of the working capital investment. Quality systems will be maintained at the level of the ISO 9002 now in place.

Wytheville

The Wytheville plant, located in the town of Wytheville, Virginia, began commercial production in October 1999. The plant occupies 40,000 square feet of space and produces the aluminum and steel fuel tank requirements of Volvo Trucks North America's plant in New River Valley (NRV), some 40 kilometres northeast of Wytheville.

The Volvo tanks are produced under an exclusive arrangement for five years ending in July 2004. The Volvo plant produces a full range of class 8 'over the road' trucks and, as a result of the Volvo – Mack merger, it was announced that the Mack 'over the road' vehicles will be assembled in NRV beginning in the summer of 2002. The Wytheville plant can produce the full range of 'over the road' fuel tanks with proven efficiencies in the production of cylindrical aluminum tanks.

PRIORITIES FOR 2001 – Wytheville

There were two principal priorities for 2001: to increase the number of tanks produced at the facility, and to continue the program of cost and quality improvements to ensure that the Company remains at the forefront of the industry in terms of competitiveness.

1 New Volume While discussions were undertaken with several truck manufacturing companies during the year, no significant new contracts were signed. Volumes tend to be booked under long-term arrangements and the lead time in this process is critical to successful bidding. Efforts to achieve new volume will continue to be made.

2 Operating Costs and Quality Significant progress has been made in operating cost efficiencies. All quality and efficiency numbers have trended in a positive direction. One hundred percent "on-time" and quality ratings have been consistently achieved. Man-hour efficiency numbers, as a reflection of process improvements and quality measures, continue to demonstrate improvement despite the unpredictable demand of our principal customer.

▼ TOP ASSEMBLY LINE COUNTDOWN CLOCK MANAGES PRODUCTION FLOW. CENTRE LYNDELL SCHIBLER COMPLETES A PRECISION WELD ON A SUB-ASSEMBLY. BOTTOM WITTKE-SPECIFIED NITRATED HYDRAULIC CYLINDERS CAN LAST FIVE TIMES LONGER THAN TRADITIONAL CHROME CYLINDERS.





PRIORITIES FOR 2002 – *Wytheville*

Management's continued focus on quality and quality systems should lead to QS 9000 certification in the coming year. Documentation is ready for the initial audit, and while these audits typically show deficiencies, the Company is encouraged by the quality rating obtained from Volvo as a demonstration of the integrity of its quality control program. This quality emphasis is complemented by efforts to continually reduce costs. Operating efficiency without sacrifice to quality remains the philosophy of the Company.

The most significant priority continues to be to increase the volume of tanks produced. The arrival of the Mack 'over the road' business represents an opportunity along with the developing negotiations with several other truck manufacturing companies. Management believes that the efficiency and quality systems of the Wytheville plant make it an effective competitor in the fuel tank business.

Vulcain

Produits de Métal Vulcain, situated in Saint Jérôme, Québec, approximately 45 kilometres north of Montreal, manufactures steel and aluminum parts and sub-assemblies for truck, bus, industrial equipment and recreational vehicle manufacturers.

Founded in 1957, Vulcain has grown over the years to a Company that employs 140 people and operates in a 60,000 square foot facility. The Company is well managed by a team that includes members of the family that founded the Company. Northside acquired Vulcain in September 1999.



▲ LEFT THE BODY LOAD AND FINAL INSTALL AREA WAS EXPANDED TO CONSOLIDATE THESE FUNCTIONS IN ONE AREA OF THE PLANT. RIGHT DENISE RIGAUX COMPLETES ANOTHER SMOOTH WELD, A KEY COMPETENCY AT WITKE.

PRIORITIES FOR 2001 – *Vulcain*

The priorities for 2001 were: to obtain the QS 9000 certification, to manage the growth of the business with the growth in existing customers, and to increase the Company's share of the local market.

1 QS 9000 Certification The Company has completed preparation for the initial audit for QS 9000. The audit gap analysis identified areas of improvement required which are being programmed. A key Supplier Readiness Audit by Paccar has been conducted with very positive results. The Company should obtain both QS 9000 and Paccar certification in the coming year.

2 Manage Growth and Increase Share The year was disappointing in terms of overall sales growth. Initial indications were that the Company's customers, other than class 8 truck assemblers, anticipated sustaining their volumes for the year. All customers, however, were affected by the recession and, as a result the year was spent adjusting to progressively lower forecasted sales volumes. Vulcain has managed to increase its percentage share with several key customers and initiate new business with the recreational vehicle division of Bombardier Inc.

3 New Space At the end of fiscal 2000 the neighbouring property was put up for sale. This opportunity allowed Vulcain to add 10,000 square feet and an additional 1.6 acres of space. This new facility increases the effective sub-assemblies' capacity of the business. Sub-assemblies represent an area of considerable potential for value added product development for the Company.

PRIORITIES FOR 2002 – *Vulcain*

Now that the facility has been expanded to incorporate the additional space, the first priority for the coming year will be to increase sales. This increase will be accomplished by focusing on improving our service, particularly with respect to late deliveries at peak demand periods. There is a recurring scheduling issue created by the wide range of parts and variability of delivery requirements specified by our customers. Management attention to this issue, coupled with the additional flexibility as a result of the increased space, should improve performance.

There will also be a concerted effort to apply additional technical skills to our relationship with existing key customers. This should translate, by way of cost savings ideas, into an increased share of the available business. It will also allow us to better direct sales efforts to products that deliver value to the customer and correspond more closely to our particular competences.



▲ LEFT MARVIN VOLK, DECK LEAD HAND, IN FRONT OF COMPONENTS USED IN THE MANUFACTURE OF THE TRUCK BODIES. CENTRE WITTKÉ'S FRONT LOAD UNIT IS THE LARGEST SELLING UNIT IN WITTKÉ'S PRODUCT LINE. RIGHT FREIGHTLINER'S NEW "CONDOR" CABOVER CHASSIS WAS USED ON A VARIETY OF WITTKÉ TRUCKS THROUGHOUT THE YEAR.

Consolidated revenues for the year ended September 30, 2001

were \$105.0 million, down marginally from \$105.8 million last year.

Year ended September 30, 2001

OPERATING RESULTS

1 Sales of completed truck bodies and related parts at Wittke were \$68.1 million compared to \$45.1 million last year. In the year, Wittke sold 677 truck bodies compared to 455 last year. This variance is attributable to substantially higher customer demand, driven in part by a three-year memorandum of understanding with Waste Management Inc. Under the terms of this March 2001 memorandum, Waste Management will purchase the majority of its front-load truck requirements in 2001, and all of its front-load truck requirements in 2002 and 2003 from Wittke. Further, Waste Management has agreed that Wittke will be its exclusive supplier of manual side load trucks and one of two suppliers of automated side load trucks.

2 Revenues from external sales from the Kelowna facility of \$13.7 million were down compared to \$29.7 million last year. Revenues fell throughout the year, reflecting decreasing demand from this facility's class 8 truck customers. During the year, the Kelowna facility began supplying parts to the Wittke facility to meet its increased demand.

3 Revenues from the Vulcain facility of \$14.2 million were down from \$16.4 million last year. Most of this variance occurred in the last half of the year, due to lower demand from truck and bus manufacturers.

4 Sales from the Company's Wytheville facility were \$9.0 million compared to \$14.6 million last year. This decrease is entirely due to the reduced production at Volvo Trucks' plant, which is this facility's principal customer.

Gross profit for the year was \$17.0 million (16.1% of revenue) compared to \$19.7 million (18.6% of revenue) last year. The decrease in percentage was due, in part, to the sales of lower margin units and also arose as some "variable" costs were not reduced in line with the lower levels of business.

Selling, general, and administrative expenses were \$8.5 million in the period (8.1% of revenue) compared to \$9.8 million (9.3% of revenue) last year. Higher marketing costs were more than offset by foreign exchange gains from the conversion of U.S. dollars into Canadian dollars, and savings in other costs.

Earnings before interest, taxes and depreciation ("EBITDA") were \$8.5 million in the year, compared to \$9.9 million last year.

Depreciation and amortization expense was \$3.8 million, up \$0.3 million from last year due to additional production equipment.

Earnings before interest and taxes ("EBIT") were \$4.7 million compared to \$6.4 million last year.

Interest expense of \$1.4 million was \$39,000 below last year. Increases in interest cost arising from higher levels of bank indebtedness were more than offset by lower interest rates and lower levels of long-term debt.

Income tax expense of \$1.2 million represented an effective tax rate of 35.4% compared to the effective rate of 38.4% last year. This reduction in effective rate is due in part to a lower statutory tax rate on current earnings, and the positive impact of the lower tax rate on the accumulated temporary differences, which comprise the future income tax liability.

Net earnings of \$2.1 million (\$0.28 per share) compare to \$3.0 million (\$0.41 per share) last year. Effective at the start of the year, the Company adopted the treasury stock method of calculating diluted earnings per share, as more fully described in Note 3(b) to the financial statements. This change had the effect of increasing diluted earnings per share last year from \$0.38 per share to \$0.40 per share.

LIQUIDITY AND CAPITAL RESOURCES

Cash from operations, before changes in working capital, totaled \$5.5 million in the year, compared to \$6.7 million last year. This variance is attributable to the lower level of net earnings, combined with the future income tax drawdown this year, which was not a source of cash.

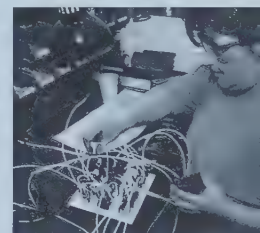
Working capital was \$4.9 million at September 30, 2001 compared to \$4.3 million at September 30, 2000. The Company's investment in non-cash working capital increased to \$25.1 million at September 30, 2001 compared to \$14.2 million last September. Most of this increase was due to increased levels of accounts receivable at Wittke due to the large increase in business activity, especially in the last quarter of the year.

During the year, the Company obtained an increase in its principal operating line of credit from \$10.0 million to \$15.0 million. This facility was increased in order to finance the additional working capital needs of the Company, as evidenced by the large increase in accounts receivable at Wittke. Approximately \$13.4 million was drawn under this facility as at September 30, 2001. The Company also has a \$U.S. 1.25 million facility to support the Wytheville operations, of which \$U.S. 0.5 million was drawn at September 30, 2001. Lastly, the Company has a \$1.5 million operating facility in Vulcain, of which \$1.1 million was drawn at September 30, 2001.

During the year, the Company also obtained \$4.0 million of additional long-term financing, which will be used for the plant expansion at the Wittke facility and to reduce short-term indebtedness. None of this facility was drawn at September 30, 2001. The Company's long-term debt continues to be at a combination of fixed and floating rates. The Company is considering "fixing" some of its interest rates on its floating rate debt.

Pursuant to its normal course issuer bid, the Company purchased and cancelled 58,075 common shares during the year at an average price of \$2.55 per share.

TOP DR. SIMON HUANG, R&D ENGINEER,
WORKS ON PRO-E 3D MODELING SOFTWARE.
BOTTOM VESNA BALIC TESTS A CONTROL
BOX PRIOR TO INSTALLATION.



CAPITAL EXPENDITURES

The Company invested \$3.7 million in capital assets in the year, which was at approximately the same overall level as the prior year. Funding of these investments was principally from cash flow, except for some tooling and land acquisition costs at Vulcain, for which separate term funding was arranged.

Approximately \$2.7 million was invested in Wittke, principally to expand the plant by 22,000 square feet and to add paint preparation capacity. Total plant capacity is now in excess of 20 trucks per week, running two shifts per day on a five-day week basis. In addition to the plant expansion, other amounts were invested in tooling and equipment to support the substantially higher levels of business activity.

The Company invested \$0.7 million in the Vulcain facility. Approximately half of this amount was used to acquire an adjacent property, which was used to expand the shipping and receiving area. The balance was used principally to acquire the final tooling requirements to allow the Company to produce parts under its long-term agreement with Paccar.

Consistent with lower customer demand, only \$0.2 million was invested in the Kelowna facility and was principally for maintenance capital.

Similarly, facing substantially lower customer demand, fixed asset purchases in Wytheville were \$0.1 million, principally for maintenance capital.

RISKS AND UNCERTAINTIES

The demand for the Company's products is related, in part, to the overall level of economic activity in North America. However, the demand for truck bodies is expected to increase in the coming year due to new business obtained in the year.

For the year ended September 30, 2001, the Company derived 54% of its revenue from sales to three unrelated customers. As such, the Company was dependent on maintaining its relationship with these customers in order to generate the sales and net income earned during the year.

Approximately 68% of the Company's sales in the year were to customers in the United States and denominated in U.S. dollars. Consequently, net revenue to the Company is dependent, to some extent, on the exchange rate between the U.S. and Canadian dollar. In October 2001, the Company purchased a one-year average rate option on U.S.\$ 40.0 million. The Company may purchase additional options to provide further protection from exchange rate movements.

2002 OUTLOOK

Sales of completed truck bodies are expected to continue to increase at Wittke throughout the coming year. This increase in sales is being driven by the substantial increase in business demand in 2001. Wittke's street sweeper business continues to make progress into the mechanical street sweeper market.

Demand for class 8 trucks has fallen throughout the current year. In Kelowna, Western Star Trucks has announced that it will close its Kelowna facility by September 2002. This customer accounted for only 9% of the Company's revenues in 2001 and is expected to decrease further in 2002. In Wytheville, demand continues to be soft for its class 8 truck fuel tanks. Management continues to pursue other business to take advantage of available productive capacity. The Company is not expecting any significant recovery in the class 8 truck market in the next year.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Northside Group Inc. and all the information in this annual report have been prepared by management, which is responsible for the integrity and fairness of the data presented. The accounting policies followed in the preparation of these financial statements conform with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Systems of internal accounting and administrative controls are maintained by management in order to provide reasonable assurance that financial information is relevant, reliable and accurate and that transactions are authorized, assets are safeguarded and proper records are maintained.

The Audit Committee, comprised of non-management directors, acts on behalf of the Board of Directors to ensure that management fulfills its financial reporting and internal control responsibilities. The Audit Committee has reviewed the consolidated financial statements with management and the Corporation's external auditors and reported to the Board of Directors. The Board of Directors has approved the financial statements based upon the recommendations of the Audit Committee.

Northside Group Inc.'s external auditors have conducted an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to express an audit opinion on the consolidated financial statements. The external auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.



Patrick F. Ross
President and Chief Executive Officer



T. Jerrold Jackson
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Northside Group Inc.

We have audited the consolidated balance sheets of Northside Group Inc. as at September 30, 2001 and 2000, the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Calgary, Canada
November 21, 2001

CONSOLIDATED BALANCE SHEETS

September 30 (in thousands of dollars)

	2001	2000
ASSETS		
Current assets		
Accounts receivable	\$ 24,482	\$ 14,824
Inventories (note 4)	19,350	15,170
Income taxes recoverable	35	-
Prepaid expenses	250	540
	44,117	30,534
Capital assets (note 5)	19,365	18,518
Other assets (note 6)	4,096	5,034
	\$ 67,578	\$ 54,086
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 7)	\$ 18,310	\$ 7,915
Accounts payable and accrued liabilities	18,992	15,356
Income taxes payable	-	1,005
Current portion of long-term debt (note 8)	1,886	1,950
	39,188	26,226
Long-term debt (note 8)	6,307	7,384
Future income taxes	2,270	2,616
Shareholders' equity		
Share capital (note 9)	9,558	9,556
Retained earnings	10,255	8,304
	19,813	17,860
Contingencies (note 12)		
Commitments (note 15)		
	\$ 67,578	\$ 54,086

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors



Patrick F. Ross

Director



Craig H. Hansen

Director

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Years ended September 30 (in thousands of dollars except per share amounts)

	2001	2000
Revenue (note 10)	\$ 105,031	\$ 105,836
Cost of sales	88,076	86,099
Gross profit	16,955	19,737
Expenses		
Selling, general and administrative and other	8,468	9,805
Depreciation and amortization	3,798	3,511
	12,266	13,316
Earnings before interest and taxes	4,689	6,421
Interest		
Long-term	699	912
Other	738	564
	1,437	1,476
Earnings before income taxes	3,252	4,945
Income tax expense (note 11)		
Current	1,575	1,723
Future (reduction)	(424)	175
	1,151	1,898
Net earnings	2,101	3,047
Retained earnings, beginning of year	8,304	5,498
Prior period adjustment on the adoption of the liability		
method of accounting for income taxes (note 3(a))	(78)	-
Repurchase of common shares in excess of stated capital	(72)	(241)
Retained earnings, end of year	\$ 10,255	\$ 8,304
Net earnings per share		
Basic	\$ 0.28	\$ 0.41
Diluted (note 3(b))	\$ 0.27	\$ 0.40

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

Years ended September 30 (in thousands of dollars)

	2001	2000
Cash provided by (used in):		
OPERATIONS		
Net earnings	\$ 2,101	\$ 3,047
Items not involving cash:		
Depreciation and amortization	3,798	3,511
Gain on disposal of capital assets	(5)	(4)
Future income taxes	(424)	175
	5,470	6,729
Net changes in non-cash operating working capital	(10,952)	(727)
	(5,482)	6,002
FINANCING		
Proceeds from long-term debt	838	989
Repayment of long-term debt	(1,979)	(1,743)
Proceeds from issuance of common shares, net	78	132
Purchase of common shares under normal course issuer bid	(148)	(482)
Proceeds from bank indebtedness	10,395	462
Repayment to shareholders	—	(1,715)
	9,184	(2,357)
INVESTMENTS		
Purchase of capital assets	(3,678)	(3,629)
Increase in product development costs	(24)	(16)
	(3,702)	(3,645)
Change in cash during the year	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to consolidated financial statements.

Years ended September 30, 2001 and 2000 (tabular amounts in thousands of dollars)

1 DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Northside Group Inc. is a market-focused manufacturer of dynamic truck-mounted equipment and parts. The Company is incorporated under the laws of the Province of Alberta. These financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. The amounts recorded for amortization of research and development costs are based on the estimated revenue-generating life of the product while the provision for warranty costs is determined based on historical experience. The amounts recorded for amortization of capital assets are based on estimates of the useful life or benefit of these assets. Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates.

(b) Inventories Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

(c) Capital assets Capital assets, including those under capital leases, are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10 – 20 years
Machinery and equipment	3 – 10 years
Leasehold improvements	term of lease

(d) Research and development costs Costs relating to the development of products that the Company believes are technically feasible and for which a clearly defined market exists are capitalized. Such costs are amortized over periods not exceeding the estimated revenue-generating life of the product. If costs are later determined to be unrecoverable or the product is no longer considered commercially viable, all unamortized costs are immediately charged to earnings. Research costs are expensed as incurred.

(e) Other assets Pre-production and start-up costs related to the period prior to commencement of commercial operations of the Company's new plants are deferred and amortized on a straight-line basis over a period of five years commencing once commercial operation levels have been reached.

Pre-production and start-up costs incurred in connection with supply agreements are capitalized and deferred until commencement of commercial production and are amortized on a straight-line basis over the term of the agreements, currently five years.

Deferred financing charges are amortized over the term of the related debt.

(f) Goodwill Goodwill is stated at cost less accumulated amortization and provision for impairment, if any. Amortization of goodwill is provided on straight-line basis over a twenty-five year period. The determination of the recoverability of goodwill is based on the estimated future undiscounted cash flows of the business to which it relates.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Foreign currency translation The Company's foreign currency transactions are translated into Canadian dollars at the rates in effect at the date of the transaction. At the balance sheet date, monetary assets and liabilities are translated at the rates in effect on that date. Exchange gains and losses are reflected in earnings as they occur.

The accounts of integrated foreign operations are translated into Canadian dollars using the temporal method whereby monetary items are translated at rates prevailing at the balance sheet date and non-monetary items are translated at historic rates. Revenues and expenses are translated at average exchange rates for the year, other than depreciation and amortization, which are translated at the same rates as the related assets. Translation gains and losses are included in earnings.

(h) Stock-based compensation plans The Company has a stock-based compensation plan, which is described in detail in Note 9(d). No compensation expense is recognized for these plans when stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option cancelled is charged to retained earnings.

(i) Warranty Warranty costs, which are determined based on historical experience, are provided for at the time of sale.

(j) Income taxes Effective October 1, 2000, the Company adopted the liability method of accounting for future income taxes. See Note 3(a) below.

3 CHANGE IN ACCOUNTING POLICY

(a) Income taxes Effective October 1, 2000, the Company adopted the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of the Company's provision for current income taxes and the difference between the opening and ending balances of the future income tax assets and liabilities.

Prior to adoption of this new accounting standard, income tax expense was determined using the deferral method. Under this method, deferred income tax expense was determined based on "timing differences" (differences between the accounting and tax treatment of expense or income items), and were measured using the tax rates in effect in the year the differences originated.

The Corporation has adopted the new income tax accounting standard retroactively, without restating the financial statements of any prior period. As a result, the Corporation recorded a charge to retained earnings and future income tax liability, formerly the deferred tax liability, in the amount of \$78,000 as at October 1, 2000.

(b) Earnings per share Effective October 1, 2000, the Company adopted the treasury stock method for calculation of diluted earnings per share. Under this method, deemed proceeds of the exercise of options and warrants are considered to be used to re-acquire common shares at an average share price. Previously, additional earnings were imputed based on the proceeds resulting from the exercise of options and warrants. The Company has adopted this calculation retroactively with restatement of the prior year. As a result, the diluted earnings per share calculation for the year ended September 30, 2000 has been increased by \$0.02 per share to produce a diluted calculation under the new standard of \$0.40 per share.

4 INVENTORIES

	2001	2000
Raw material	\$ 13,818	\$ 9,483
Work in process	3,245	2,358
Finished goods	2,287	3,329
	\$ 19,350	\$ 15,170

5 CAPITAL ASSETS

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>
2001			
Land	\$ 538	\$ -	\$ 538
Buildings	6,070	1,541	4,529
Machinery and equipment	22,857	10,386	12,471
Leasehold improvements	1,450	962	488
Machinery and equipment under capital leases	2,610	1,282	1,328
Construction in progress	11	-	11
	\$ 33,536	\$ 14,171	\$ 19,365

2000			
Land	\$ 362	\$ -	\$ 362
Buildings	4,248	1,285	2,963
Machinery and equipment	21,225	8,370	12,855
Leasehold improvements	1,431	747	684
Machinery and equipment under capital leases	2,610	975	1,635
Construction in progress	19	-	19
	\$ 29,895	\$ 11,377	\$ 18,518

6 OTHER ASSETS

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>
2001			
Goodwill	\$ 2,889	\$ 516	\$ 2,373
Product development costs	490	452	38
Pre-production and start-up costs	3,251	1,606	1,645
Deferred financing charges	137	97	40
	\$ 6,767	\$ 2,671	\$ 4,096

2000			
Goodwill	\$ 2,889	\$ 382	\$ 2,507
Product development costs	485	372	113
Pre-production and start-up costs	3,251	880	2,371
Deferred financing charges	118	75	43
	\$ 6,743	\$ 1,709	\$ 5,034

7 BANK INDEBTEDNESS

Bank indebtedness represents advances under:

(a) An authorized overdraft of \$15,000,000 with interest payable at bank prime rate plus 1.00% per annum. This indebtedness is secured by a general assignment of book debts, an assignment of inventory, a second fixed charge over the Company's assets, and benefits under certain insurance contracts.

(b) An authorized overdraft facility of U.S. \$1,250,000 with interest payable at U.S. bank prime rate plus 1.00% per annum. This indebtedness is secured by a security agreement covering accounts receivable and inventory.

(c) An authorized overdraft facility of \$1,500,000 with interest payable at bank prime rate plus 0.50% per annum. This indebtedness is secured by certain inventories and accounts receivable.

8 LONG-TERM DEBT

	2001	2000
Term loan , principal repayable at \$37,000 monthly increasing each year for six years, plus interest at the bank floating base rate plus 2.5%, maturing March 15, 2007, secured by a first charge on all fixed assets and a floating charge against accounts receivable and inventory.	\$ 3,109	\$ 3,526
Term loan (U.S. \$750,000), principal repayable at U.S. \$15,625 monthly, plus interest at U.S. bank prime rate plus 1.25% per annum, due July 1, 2003, secured by a first charge over all capital assets of the Company's U.S. operations.	560	821
Term loans , principal repayable at \$43,000 – \$49,000 monthly, plus interest at base rate plus 0.50 – 0.75% per annum or at fixed rates between 8.1% – 8.6%, maturing between October 2005 and July 2011, secured by a first and second charge on certain equipment and on land and buildings.	2,363	1,949
Obligations under capital leases , interest rates range from 7.0% to 12.76%, repayable in monthly payments of \$48,000. Specific assets have been pledged against the loans	961	1,538
Note payable , principal repayable as follows: \$300,000 on August 31, 2000, \$75,000 per quarter thereafter for the next eleven quarters with a final balloon payment of \$675,000 due August 31, 2003. The note is unsecured and bears interest at 5%.	1,200	1,500
	8,193	9,334
Less: current portion	1,886	1,950
	\$ 6,307	\$ 7,384

Scheduled principal payments on long-term debt are as follows:

2002	\$ 1,886
2003	2,496
2004	1,289
2005	1,065
2006 and thereafter	1,457
	\$ 8,193

9 SHARE CAPITAL

(a) The Company's authorized capital consists of an unlimited number of preferred shares, issuable in series, and an unlimited number of common shares of no par value

(b) The Company's issued and outstanding share capital is as follows:

	Number of Shares	Amount
Common shares		
Balance, September 30, 1999	6,397,504	\$ 5,192
Issued on conversion of special warrants	1,175,000	4,473
Issued from treasury on exercise of employees stock options	19,300	40
Issued on conversion of 5,000 Series 2 non-voting preferred shares	100,000	150
Purchased pursuant to the Company's normal course issuer bid	(190,100)	(241)
Additional share issue costs	—	(58)
Balance, September 30, 2000	7,501,704	9,556
Issued from treasury on exercise of employees stock options	68,450	78
Purchased pursuant to the Company's normal course issuer bid	(58,075)	(76)
Balance, September 30, 2001	7,512,079	\$ 9,558
Special warrants		
Balance, September 30, 1999	1,175,000	4,473
Converted to common shares	(1,175,000)	(4,473)
Balance, September 30, 2000 and September 30, 2001	—	\$ —

(c) On August 26, 1999 the Company issued 1,175,000 Special Warrants for gross consideration of \$4,700,000 (\$4.00 per Special Warrant). After deducting all expenses of the issue, net of the related deferred tax effect, the net proceeds were \$4,473,000. Each special warrant was converted into one common share of the Company on November 24, 1999.

The Company also granted the agent of the special warrant offering an option entitling the agent to purchase up to 117,500 common shares of the Company at a price of \$4.00 per common share. These warrants expired on November 24, 2000.

(d) The Company has reserved 742,200 common shares pursuant to a Stock Option Plan ("the Plan"). Options to purchase common shares of the Company under the Plan may be granted by the Board of Directors to certain full-time employees, officers and directors of the Company. As at September 30, 2001 there were 663,700 stock options outstanding at prices ranging from \$1.00 to \$3.60 per share, with expiry dates ranging from December 2001 to April 2006.

A summary of the status of the Plan as of September 30, 2001 and 2000 and changes during the years ending on those dates is presented below:

	2001		2000	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding at beginning of year	602,050	\$ 1.88	545,750	\$ 1.65
Granted	178,100	2.76	97,000	3.30
Exercised	(68,450)	1.12	(19,300)	2.06
Cancelled	(48,000)	2.60	(21,400)	2.18
Outstanding at end of year	663,700	\$ 2.15	602,050	\$ 1.88
Exercisable at year end	406,740	\$ 1.75	367,370	\$ 1.60

9 SHARE CAPITAL *(continued)*

The following table summarizes information about stock options outstanding at September 30, 2001:

<i>Number of options</i>	<i>Expiry Date</i>	<i>Exercise price</i>	<i>Vested at September 30, 2001</i>
52,000	December 1, 2001	1.50	52,000
5,000	September 22, 2002	1.27	5,000
160,000	September 22, 2002	1.00	160,000
48,300	December 16, 2002	1.35	38,640
132,300	November 26, 2003	2.50	79,380
92,500	November 26, 2004	3.30	37,000
171,800	November 23, 2005	2.75	34,360
1,800	April 23, 2006	3.60	360
663,700			406,740

10 SEGMENTED INFORMATION

In the year ended September 30, 2001 approximately 54% of the Company's revenue was earned from sales to three unrelated customers (year ended September 30, 2000 – 52% of revenue was from sales to three unrelated customers). In the year ended September 30, 2001, approximately 68% of the Company's revenue was earned for sales to customers in the United States (year ended September 30, 2000 – 52%). At September 30, 2001, capital assets include \$3,134,000 of assets located in the United States (September 30, 2000 – \$3,447,000).

The Company's business is dependent upon its relationships with one customer, which for the year ended September 30, 2001 accounted for approximately 37% of the Company's sales.

11 INCOME TAXES

(a) The Company's effective income tax rate differs from that obtained by applying the basic corporate tax rate to earnings from operations for the following reasons:

	2001	2000
Earnings before income tax	\$ 3,252	4,945
Combined basic Canadian federal and provincial income tax expense at 43.0% (2000 – 44.5%)	1,398	2,200
Non-deductible amortization	–	20
Non-deductible expenses	47	46
Manufacturing and processing credits	(249)	(368)
Provincial tax rate reduction	(45)	–
Income tax expense	\$ 1,151	\$ 1,898

(b) At September 30, 2001, the net future income tax liability is comprised of the tax effected temporary differences:

Capital assets	\$ 2,127
Pre-production and start up costs	561
Reserves	(345)
Share issue costs	(73)
	\$ 2,270

12 CONTINGENCIES

The Company is a defendant in certain lawsuits. The cumulative results of these actions should not have any material effect on the financial position of the Company.

13 FINANCIAL INSTRUMENTS

The carrying values of accounts receivable, bank indebtedness, accounts payable and accrued liabilities approximate their fair value due to relatively short period to maturity of these instruments.

The fair values of long-term debt and redeemable preferred shares are determined by discounting the future cash flows under current financing arrangements at discount rates which represent borrowing rates presently available to the Company for loans of similar terms and maturity.

The maximum credit risk exposure for all financial assets is the carrying amount of these assets. Since approximately 54% of the Company's revenue is from three customers (note 10), there is a concentration of credit risk.

The Company has entered into contracts with aluminum suppliers, to June 30, 2002, to purchase 1,075,000 lbs. of aluminum ingot at U.S. \$0.73 per lb.

14 RELATED PARTY TRANSACTIONS

Included in selling, general and administrative expense in the year ended September 30, 2000 is \$144,000 paid to a shareholder pursuant to a management services agreement, which was terminated effective April 1, 2000. Included in interest expense for the year ended September 30, 2000 is \$148,000 of interest on shareholders' notes. These notes were repaid in June 2000.

15 COMMITMENTS

The Company has commitments under various operating leases as follows:

2002	\$	791
2003		464
2004		194
2005		7
2006		-

16 COMPARATIVE FIGURES

The 2000 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2001.

SEVEN YEAR FINANCIAL SUMMARY

Years ending September 30

(in thousands of dollars except per share amounts)

	2001	2000	1999	1998	1997	1996	1995
Revenues	\$ 105,031	\$ 105,836	\$ 71,242	\$ 54,256	\$ 40,732	\$ 39,426	\$ 43,999
Gross profit	16,955	19,737	14,705	10,588	6,552	6,535	7,925
EBITDA	8,487	9,932	7,440	6,231	2,713	256	3,209
Earnings (loss) before interest and taxes	4,689	6,421	5,735	4,570	1,263	(824)	2,620
Net earnings (loss)	2,101	3,047	2,794	2,115	(466)	(1,043)	924
Per share (loss) – basic	0.28	0.41	0.44	0.33	(0.07)	(0.17)	0.42
Per share (loss) – diluted (note 3 (b))	0.27	0.40	0.40	0.31	(0.07)	(0.17)	0.20
Operating cash flow ⁽¹⁾	5,470	6,729	5,977	4,581	1,126	(100)	1,695
Net assets employed ⁽²⁾	48,586	38,730	36,860	19,562	17,316	16,424	13,527
Long-term debt	6,307	7,384	9,990	4,968	3,508	3,873	5,501
Shareholders' equity	19,813	17,860	15,163	7,884	5,588	6,054	2,758
Number of common shares outstanding (thousands)	7,512	7,502	6,398	6,389	6,267	6,267	2,253

⁽¹⁾ Operating cash flow is before changes in non-cash working capital

⁽²⁾ Net assets employed are total assets less accounts payable and accrued liabilities

DIRECTORS

Michael P. Bentley ⁽¹⁾

Principal
Osborne Group

Reid M. Drury ⁽²⁾

Partner
Polar Capital Corporation

Craig H. Hansen ⁽¹⁾

President and Chief Executive Officer
Zargon Oil & Gas Ltd.

Vahan Kololian ⁽¹⁾

Chairman
Cartesian Capital Corp.

Stephen W.C. Mulherin

Chairman
Northside Group Inc.

James D. Peplinski ⁽²⁾

President
Jim Peplinski's Leasemaster National

Patrick F. Ross

President and Chief Executive Officer
Northside Group Inc.

Clayton Sissons

President, I-XL Ltd.

T. Dundee Staunton ⁽²⁾

President, Crystal Fountains Inc.

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Human Resources Committee

OFFICERS

Stephen W.C. Mulherin

Chairman

Patrick F. Ross

President and Chief Executive Officer

T. Jerrold Jackson

Chief Financial Officer and Secretary

Douglas G. McDougall

Vice President

CORPORATE OFFICE

1630, 800 – 5th Avenue S.W.
Calgary, Alberta T2P 3T6
Tel: (403) 705-7307
Fax: (403) 705-7310
Web site: northsidegroup.com
(after January 2002 – wittke.com) ⁽³⁾

WITTKE

1496 Brier Park Crescent N.W.
Medicine Hat, Alberta T1C 1T8
Tel: (403) 527-8806
Fax: (403) 529-1821
Web site: wittke.com

KELOWNA

1400 Industrial Road
Kelowna, British Columbia V1Z 1G5
Tel: (250) 769-4001
Fax: (250) 769-3979

WYTHEVILLE

142 George James Drive
Wytheville, Virginia USA 24382
Tel: (540) 625-2200
Fax: (540) 228-5401

PRODUITS DE MÉTAL VULCAIN

31, boulevard Kennedy
Saint Jérôme, Québec J7Y 4B4
Tel: (450) 436-5355
Fax: (450) 436-8421
Web site: vulcain.com

AUDITORS

KPMG LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones
Calgary, Alberta

TRANSFER AGENT

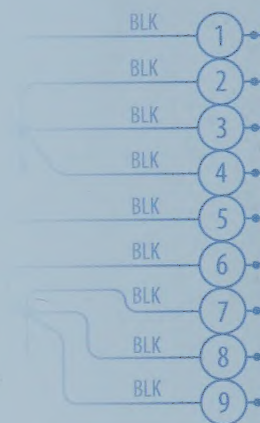
Valiant Corporate Trust Company

STOCK EXCHANGE

Listed on the Toronto Stock Exchange
under the symbol NTG
(after January 2002 – WKE) ⁽³⁾

⁽³⁾ The Company intends to change its name to Wittke Inc., subject to shareholder approval at its Annual General and Special Meeting, at the end of January 2002.

Wittke



www.wittke.com